

Arlington Street People's Assistance Network and Affiliate

Consolidated Financial Statements,
Including Uniform Guidance Reports
and Independent Auditors' Report

June 30, 2016 and 2015

Arlington Street People's Assistance Network and Affiliate

Consolidated Financial Statements
June 30, 2016 and 2015

Contents

Independent Auditors' Report.....	1-2
<i>Consolidated Financial Statements</i>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4-5
Consolidated Statements of Functional Expenses.....	6-7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9-17
<i>Supplementary Schedule and Reports Required by the Uniform Guidance</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18-19
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	20-21
Schedule of Expenditures of Federal Awards.....	22
Notes to the Schedule of Expenditures of Federal Awards.....	23
Schedule of Findings and Questioned Costs.....	24-25
Schedule of Prior Audit Findings.....	26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

We have audited the accompanying consolidated financial statements of the Arlington Street People's Assistance Network and Affiliate (collectively, "the Organization"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 21, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Vienna, Virginia
October 21, 2016

Arlington Street People's Assistance Network and Affiliate

Consolidated Statements of Financial Position June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 393,811	\$ 848,637
Grants receivable	174,258	127,676
Pledges receivable	12,920	27,018
Investments	604,304	59,946
Prepaid expenses	24,862	13,526
Property and equipment, net	81,585	75,448
Security deposit	-	2,200
Total assets	<u>\$ 1,291,740</u>	<u>\$ 1,154,451</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 126,273</u>	<u>\$ 155,754</u>
Total liabilities	<u>126,273</u>	<u>155,754</u>
Net Assets		
Unrestricted:		
Undesignated	208,909	126,629
Board-designated	<u>839,500</u>	<u>689,586</u>
Total unrestricted	1,048,409	816,215
Temporarily restricted	<u>117,058</u>	<u>182,482</u>
Total net assets	<u>1,165,467</u>	<u>998,697</u>
Total liabilities and net assets	<u>\$ 1,291,740</u>	<u>\$ 1,154,451</u>

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Activities For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 603,582	\$ 60,000	\$ 663,582
Grants	1,005,360	-	1,005,360
Contract services	1,726,227	-	1,726,227
In-kind contributions	219,324	-	219,324
Special events	159,480	-	159,480
Investment income	34,800	-	34,800
Miscellaneous	5,277	-	5,277
Released from restrictions	125,424	(125,424)	-
Total revenue and support	3,879,474	(65,424)	3,814,050
Expenses			
Program services:			
Day program	617,803	-	617,803
Permanent Supportive Housing	1,195,671	-	1,195,671
Homeless Services Center	1,059,887	-	1,059,887
Other housing	323,084	-	323,084
Volunteer	146,241	-	146,241
Total program services	3,342,686	-	3,342,686
Supporting services:			
Management and general	132,176	-	132,176
Fundraising	149,485	-	149,485
Cost of direct benefits to donors	22,933	-	22,933
Total supporting services	304,594	-	304,594
Total expenses	3,647,280	-	3,647,280
Change in Net Assets	232,194	(65,424)	166,770
Net Assets, beginning of year	816,215	182,482	998,697
Net Assets, end of year	\$ 1,048,409	\$ 117,058	\$ 1,165,467

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Activities For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 560,470	\$ 198,528	\$ 758,998
Grants	716,804	-	716,804
Contract services	1,107,777	-	1,107,777
In-kind contributions	170,732	-	170,732
Special events	123,287	-	123,287
Investment income	5,631	-	5,631
Miscellaneous	6,799	-	6,799
Released from restrictions	78,048	(78,048)	-
Total revenue and support	2,769,548	120,480	2,890,028
Expenses			
Program services:			
Day program	869,060	-	869,060
Permanent Supportive Housing	747,896	-	747,896
Emergency Winter Shelter	454,826	-	454,826
Other housing	329,145	-	329,145
Volunteer	131,317	-	131,317
Total program services	2,532,244	-	2,532,244
Supporting services:			
Management and general	81,093	-	81,093
Fundraising	116,018	-	116,018
Cost of direct benefits to donors	18,092	-	18,092
Total supporting services	215,203	-	215,203
Total expenses	2,747,447	-	2,747,447
Change in Net Assets	22,101	120,480	142,581
Net Assets, beginning of year	794,114	62,002	856,116
Net Assets, end of year	\$ 816,215	\$ 182,482	\$ 998,697

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services					Supporting Services			Total	
	Day Program	Permanent Supportive Housing	Homeless Services Center	Other Housing	Volunteer	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses	\$ 319,672	\$ 371,546	\$ 847,431	\$ 171,305	\$ 126,753	\$ 1,836,707	\$ 74,415	\$ 118,760	\$ 193,175	\$ 2,029,882
Supplies and food	5,917	1,182	92,701	33	2,248	102,081	3,919	4,372	8,291	110,372
Rent	9,710	212	1,654	-	-	11,576	2,200	-	2,200	13,776
Professional fees	9,568	30,530	2,638	1,424	2,850	47,010	18,529	1,424	19,953	66,963
Supportive services	234,872	768,239	31,406	143,782	-	1,178,299	-	-	-	1,178,299
Depreciation and amortization	8,517	8,353	-	1,949	3,898	22,717	1,114	1,949	3,063	25,780
Insurance	3,832	4,686	4,437	1,093	2,187	16,235	3,712	1,093	4,805	21,040
Telephone	4,866	720	3,033	1,035	30	9,684	404	60	464	10,148
Training	-	-	2,525	-	-	2,525	6,656	-	6,656	9,181
Printing	1,156	908	1,851	212	531	4,658	3,979	6,453	10,432	15,090
Utilities	19	-	1,906	-	-	1,925	-	-	-	1,925
Advertising	2,432	435	449	-	445	3,761	125	5,415	5,540	9,301
Repairs and maintenance	3,615	49	41,188	-	-	44,852	-	191	191	45,043
Miscellaneous	238	105	968	24	49	1,384	1,129	64	1,193	2,577
Postage	641	113	340	-	-	1,094	376	1,842	2,218	3,312
Dues and subscriptions	1,560	613	2,169	-	2,925	7,267	12,002	2,254	14,256	21,523
Taxes and licenses	3,298	315	1,083	74	147	4,917	504	74	578	5,495
Office expense	2,679	2,640	1,301	614	2,436	9,670	1,763	3,913	5,676	15,346
Travel	5,211	5,025	22,807	1,539	1,742	36,324	1,349	1,621	2,970	39,294
Costs of direct benefit to donors	-	-	-	-	-	-	-	22,933	22,933	22,933
Total Expenses	\$ 617,803	\$ 1,195,671	\$ 1,059,887	\$ 323,084	\$ 146,241	\$ 3,342,686	\$ 132,176	\$ 172,418	\$ 304,594	\$ 3,647,280

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services					Supporting Services			Total	
	Day Program	Permanent Supportive Housing	Emergency Winter Shelter	Other Housing	Volunteer	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses	\$ 516,033	\$ 252,772	\$ 382,604	\$ 212,487	\$ 105,336	\$ 1,469,232	\$ 52,565	\$ 86,168	\$ 138,733	\$ 1,607,965
Supplies and food	98,179	3,691	55,163	924	2,304	160,261	4,325	2,241	6,566	166,827
Rent	30,637	846	-	141	353	31,977	392	182	574	32,551
Professional fees	15,131	11,946	1,950	3,012	5,351	37,390	2,565	8,553	11,118	48,508
Supportive services	157,102	446,664	7,902	105,159	1,886	718,713	-	-	-	718,713
Depreciation and amortization	6,784	5,356	-	1,250	2,499	15,889	714	1,250	1,964	17,853
Insurance	6,527	5,153	-	1,202	2,405	15,287	687	1,202	1,889	17,176
Telephone	6,508	2,466	1,085	1,971	1,256	13,286	793	665	1,458	14,744
Training	257	203	500	47	95	1,102	2,046	97	2,143	3,245
Printing	3,857	2,424	-	566	1,131	7,978	882	7,043	7,925	15,903
Utilities	3,252	2,543	781	593	1,119	8,288	338	593	931	9,219
Advertising	947	-	181	-	445	1,573	105	2,779	2,884	4,457
Repairs and maintenance	7,786	2,995	955	616	1,360	13,712	502	680	1,182	14,894
Miscellaneous	-	-	-	-	-	-	3,800	-	3,800	3,800
Postage	342	371	-	42	84	839	62	1,020	1,082	1,921
Dues and subscriptions	761	873	715	96	3,879	6,324	9,323	1,914	11,237	17,561
Taxes and licenses	4,761	2,025	-	310	319	7,415	406	160	566	7,981
Office expense	5,503	5,841	35	502	1,355	13,236	1,172	1,219	2,391	15,627
Travel	4,693	1,727	2,955	227	140	9,742	416	252	668	10,410
Costs of direct benefit to donors	-	-	-	-	-	-	-	18,092	18,092	18,092
Total Expenses	\$ 869,060	\$ 747,896	\$ 454,826	\$ 329,145	\$ 131,317	\$ 2,532,244	\$ 81,093	\$ 134,110	\$ 215,203	\$ 2,747,447

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statements of Cash Flows For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 166,770	\$ 142,581
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,780	17,853
Loss on disposal of property and equipment	1,508	4,267
Net unrealized (gain) loss on investments	(24,088)	154
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(46,582)	(27,442)
Pledges receivable	14,098	(895)
Prepaid expenses	(11,336)	(2,504)
Security deposit	2,200	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(29,481)	59,339
Net cash provided by operating activities	98,869	193,353
Cash Flows from Investing Activities		
Purchases of investments	(520,270)	(1,731)
Purchases of property and equipment	(33,425)	(54,021)
Net cash used in investing activities	(553,695)	(55,752)
Net (Decrease) Increase in Cash and Cash Equivalents	(454,826)	137,601
Cash and Cash Equivalents, beginning of year	848,637	711,036
Cash and Cash Equivalents, end of year	\$ 393,811	\$ 848,637

See accompanying notes.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

1. Nature of Operations

Arlington Street People's Assistance Network's (ASPAN) goal is to end homelessness in Arlington, and ASPAN offers a variety of services to homeless individuals who are working toward gaining housing of their own. During 2015, ASPAN transitioned to a new year-round Homeless Services Center (HSC). This new center allows ASPAN to constantly keep in touch with clients and will shorten the length of time it takes a client to get housing, as well as help to move even more people into housing.

In addition to housing services, ASPAN continues to provide a range of emergency services to help clients work toward housing. These services are offered through the HSC Day Program and Shelter Program, and include laundry, clothing, showers, food, case management, and nursing services. The year-round center further enhances ASPAN's programs by ensuring the close contact that the case managers need with clients to assist them with such things as getting identification, applying for social security benefits, and ultimately, helping them get housing.

Finally, ASPAN will continue to maintain contact with homeless clients living on the streets outside of the new center. ASPAN's Outreach Team workers seek out people living on the streets, in the woods, or other locations unfit for human habitation, and distribute items such as clothing, blankets, bottled water, personal hygiene items, and medical kits. The provision of these items helps staff build relationships with clients over time, and then helps them access higher-level services. In addition to the Outreach Team, the Homeless Bagged Meal Program also provides outreach to clients on the streets. Through this program, volunteers distribute up to 80 meals at two locations in the Ballston-Rosslyn corridor 365 nights a year.

During 2016, ASPAN organized a single-member limited liability company, Opportunity Housing LLC ("the LLC"), under the laws of the Commonwealth of Virginia. The purpose of the LLC is to assist ASPAN with seeking and acquiring permanent housing investment properties in the future, should opportunities arise. ASPAN is the sole member of the LLC.

2. Summary of Significant Accounting Policies

Principles of Consolidation

Consolidated financial statements are presented due to ASPAN's controlling financial interest in the LLC. All intercompany balances and significant transactions have been eliminated in consolidation. Except when referred to separately, all entities are collectively referred to as "the Organization" throughout the accompanying consolidated financial statements and related notes.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Organization's consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations. Included in unrestricted net assets at June 30, 2016 and 2015 is a Board-designated reserve in the amount of \$839,500 and \$689,586, respectively, which reflects funds invested with the Arlington Community Foundation (ACF), cash equivalents, and other investments.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time. At June 30, 2016 and 2015, temporarily restricted net assets were \$117,058 and \$182,482, respectively.
- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for general operations or a restricted purpose imposed by the donors. At June 30, 2016 and 2015, there were no permanently restricted net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investment.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable consists of amounts due to be reimbursed to the Organization for expenses incurred under grant agreements with federal and local government agencies. The entire amount is expected to be collected within one year, and is recorded at net realizable value at June 30, 2016 and 2015. No allowance for doubtful accounts is recorded, as management believes that all receivables are fully collectible.

Pledges Receivable

Pledges receivable represent unconditional contributions to be paid within a year and are recorded at net realizable value. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are reported as a component of investment income in the accompanying consolidated statements of activities.

Property and Equipment

Property and equipment acquisitions totaling over \$1,000 with a projected life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years, except for leasehold improvements, which are amortized over the shorter of the term of the lease or the estimated life of the improvements. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Contributions are recorded as revenue when received or promised. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grants and contract services revenue are generated from federal and local government agencies and are generally cost reimbursement arrangements where unrestricted revenue is recognized at the time costs are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying consolidated statements of financial position.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 21, 2016, the date the consolidated financial statements were available to be issued.

3. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

3. Concentrations of Risk (continued)

Revenue Risk

During the years ended June 30, 2016 and 2015, 72% and 59%, respectively, of the Organization's revenue and support was provided by the government of Arlington County, Commonwealth of Virginia, and U.S. Department of Housing and Urban Development (HUD). Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations. It is expected that support received from these agencies will continue since such funding sources have been historically stable for many years.

4. Investments and Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

Financial assets valued using Level 2 inputs are based on quoted prices for instruments that are identical or similar in markets that are not active and for which all significant inputs are observable, either directly or indirectly, in active markets.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

4. Investments and Fair Value Measurements (continued)

The Organization invests in agency funds, which are marketable debt and equity securities that are maintained in an investment pool held and managed by ACF. The value of the Organization's investment with ACF is reported at fair value, as determined by quoted market prices of the underlying securities, and is classified as Level 2.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2016:</u>				
Money market funds	\$ 12,251	\$ -	\$ -	\$ 12,251
Stocks, options, and EFTs	251,432	-	-	251,432
Agency funds	-	340,621	-	340,621
Total investments	<u>\$ 263,683</u>	<u>\$ 340,621</u>	<u>\$ -</u>	<u>\$ 604,304</u>
<u>2015:</u>				
Agency funds	\$ -	\$ 59,946	\$ -	\$ 59,946
Total investments	<u>\$ -</u>	<u>\$ 59,946</u>	<u>\$ -</u>	<u>\$ 59,946</u>

Investment income consists of the following for the years ended June 30:

	2016	2015
Interest and dividends	\$ 10,712	\$ 5,785
Net unrealized gain (loss)	24,088	(154)
Total investment income	<u>\$ 34,800</u>	<u>\$ 5,631</u>

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

5. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 127,792	\$ 127,792
Computer equipment	28,376	57,176
Office furniture and equipment	18,000	53,522
Leasehold improvements	-	164,771
Computer software	-	5,150
	<u>174,168</u>	<u>408,411</u>
Total property and equipment	174,168	408,411
Less: accumulated depreciation and amortization	<u>(92,583)</u>	<u>(332,963)</u>
Property and equipment, net	<u><u>\$ 81,585</u></u>	<u><u>\$ 75,448</u></u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Time restricted	\$ 12,920	\$ 27,018
Program restricted:		
Housing	54,138	58,935
Homeless Services Center	40,000	-
Day Program	10,000	-
Opportunity Place	-	65,753
Supportive Services	-	30,776
	<u>117,058</u>	<u>182,482</u>
Total temporarily restricted net assets	<u><u>\$ 117,058</u></u>	<u><u>\$ 182,482</u></u>

7. Line of Credit

The Organization maintains a \$150,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand, and are secured by a security interest in the Organization's assets. The line of credit requires payments of interest on a monthly basis equal to the Prime rate listed in the Wall Street Journal, plus 1.00%, but not less than 4.5%. There was no outstanding balance as of June 30, 2016 and 2015.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

8. Commitment and Contingencies

Operating Lease

The Organization leased its office facilities under a cancelable operating lease, which expired in September 2015.

Expenses under the operating lease for the years ended June 30, 2016 and 2015 totaled \$13,776 and \$32,551, respectively.

On October 1, 2015, the Organization moved into a new office space in Arlington, Virginia as part of the Homeless Services Center contract with Arlington County. The contract is effective May 1, 2015 and expires on April 30, 2018. As part of the contract, the Organization is provided with donated office space by Arlington County as described in Note 9 to the consolidated financial statements.

Federal Cooperative and Grant Agreements

Funds received from federal and local government agencies are subject to audit under the provisions of these grant agreements. The ultimate determination of amounts received under these grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

9. In-Kind Contributions

The Organization receives in-kind contributions in the form of donated services, goods, and use of facilities. In-kind contributions are valued on comparable market rates.

Donated Services

Contributions of services are recognized when services (a) create or enhance nonfinancial assets, or (b) require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services principally consist of legal, accounting, consulting, and other specialized services and totaled \$10,654 and \$3,219 for the years ended June 30, 2016 and 2015, respectively.

In addition, a substantial number of volunteers have donated significant amounts of time to the Organization and its programs; however, these donated services are not reflected in the consolidated financial statements as the services do not meet the criteria for recognition as contributed services.

Error! Unknown document property name.

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

9. In-Kind Contributions (continued)

Donated Goods

Also recognized in in-kind contributions was \$128,678 and \$167,513 of donated goods for the years ended June 30, 2016 and 2015, respectively. Donated goods consist primarily of clothing, supplies, and food. These items are principally included in supplies and food expense in the accompanying consolidated statements of functional expenses.

Donated Facilities

The Organization has recorded the estimated fair value of donated office space in the amount of \$79,992 for the year ended June 30, 2016, which is included under in-kind contributions in the accompanying consolidated statements of activities.

10. Retirement Plan

ASPAN maintains a 403(b) Employer Contributory Plan under which all employees who work more than 20 hours per week may participate. Additionally, eligible employees who have completed six months of service may receive employer discretionary matching contributions. ASPAN made contributions to the plan totaling \$52,049 and \$37,597 for the years ended June 30, 2016 and 2015, respectively, which are included in salaries and related expenses in the accompanying consolidated statements of functional expenses.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), ASPAN is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2016 and 2015 as ASPAN had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Arlington Street People's Assistance Network and Affiliate (collectively, "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2016, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vienna, Virginia
October 21, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

Report on Compliance for Each Major Federal Program

We have audited Arlington Street People's Assistance Network and Affiliate's (collectively, "the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2016. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Vienna, Virginia
October 21, 2016

Arlington Street People's Assistance Network and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Agency or Pass- Through Grant Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Continuum of Care Program:			
<i>Direct awards:</i>			
Continuum of Care Program-InRoads	VA0089L3G001407	14.267	\$ 352,133
Continuum of Care Program-Homebound	VA0155L3G001404	14.267	298,187
Continuum of Care Program-Turning Keys	VA0255L3G001400	14.267	214,082
Continuum of Care Program-Open Doors 2	VA0235L3G001300	14.267	36,259
Continuum of Care Program-Open Doors 3	VA0233L3G001300	14.267	<u>8,172</u>
Total Continuum of Care Program			<u>908,833</u>
Supportive Housing Program:			
<i>Direct award:</i>			
Supportive Housing Program – Homebound	VA0155L3G001303	14.235	<u>66,527</u>
Total Supportive Housing Program			<u>66,527</u>
Community Development Block Grants/Entitlement Grants:			
<i>Pass-through award:</i>			
Arlington County Department of Community Planning, Housing and Development – Volunteer Enhancement Program	n/a	14.218	<u>30,000</u>
Total Community Development Block Grants/Entitlement Grants			<u>30,000</u>
Total expenditures of federal awards			<u><u>\$ 1,005,360</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

Arlington Street People's Assistance Network and Affiliate

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. Indirect Cost Rates

The Organization records all expenditures of federal awards using a direct cost methodology, and therefore does not record indirect costs for its federal award programs. In this manner, the Organization has elected not to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

4. Subrecipients

The Organization did not provide any federal awards to subrecipients for the year ended June 30, 2016.

Arlington Street People's Assistance Network and Affiliate

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I – Summary of Independent Auditors’ Results

Consolidated Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to consolidated financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of major program:

Agreement Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Arlington Street People's Assistance Network and Affiliate

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2016

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2016 audit.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2016 audit.

Arlington Street People's Assistance Network and Affiliate

Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

There were no findings or questioned costs reported for the 2015 audit.